Directorate of Intelligence

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Africa Review [redacted]

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22 March 1985

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Africa Review [redacted]

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Articles

Southern Africa: The ANC in Disarray NR

The African National Congress (ANC), the major South African insurgent group, has been hampered since the Mozambicans expelled its military personnel a year ago. The group is suffering from deteriorating relations with some black African states in southern Africa and from internal divisions. A symptom of the group's plight has been the dramatic decline in ANC attacks, only two small bombings since last September. The ANC's military campaign is likely to continue to sputter as a result of Pretoria's success in pressing nearby states to clamp down on the group. NR

Regional Woes

South Africa's drive toward detente with its neighbors has led to growing restrictions on ANC military activities in southern Africa. The Frontline States lack the security resources to eradicate ANC military activity within their borders, but the ANC is constrained by the political costs of breaking rules imposed by their nervous hosts. For example, we believe the ANC has the capability to conduct some clandestine operations out of Mozambique, but this would risk the closure of the group's political office in Maputo and a cessation of Mozambican support at Frontline State and OAU meetings. NR

Angola. We believe the ANC's future in Angola, and possibly the survival of its military wing, hinges on the progress of the Namibian peace talks. The group has several thousand members in Angola, most of them in camps undergoing military training by Cuban and Soviet Bloc instructors. South Africa already has broached the subject of Angolan support to the ANC during the Namibian talks, according to Embassy reports. The ANC undoubtedly is concerned that a breakthrough in the talks may lead to an eventual South African–Angolan nonaggression pact. NR

Botswana. Following concerted pressure from Pretoria, Botswana last month ordered the expulsion of all ANC military personnel, according to press and US Embassy reports. After the Mozambican–South African nonaggression pact—the Nkomati accord—was signed last year, Pretoria began to press for a similar treaty with Botswana, which has eschewed any formal agreement with the white minority regime. The ANC presence in Botswana grew at the same time as guerrillas worked to improve their infrastructure and establish new routes for infiltrating South Africa. Botswana subsequently became concerned about the threat of South African attacks against the ANC buildup. The bombing of an ANC residence in Gaborone early last month—probably the work of South African agents—and South African warnings that its forces would not stop at the border when pursuing fleeing guerrillas undoubtedly influenced or reinforced Botswana's decision to crack down on the ANC. NR

Even before the recent crackdown, the ANC was largely unsuccessful in efforts to infiltrate South Africa from Botswana. The border between the two states is long, but the terrain is not favorable for ANC infiltrations, primarily because it provides little cover. The South Africans have been successful recently in intercepting ANC guerrillas shortly after they have entered the country from Botswana. Last month, the South African Foreign Minister informed Gaborone that seven ANC incursions from Botswana had been detected since September 1984, according to press reports. NR

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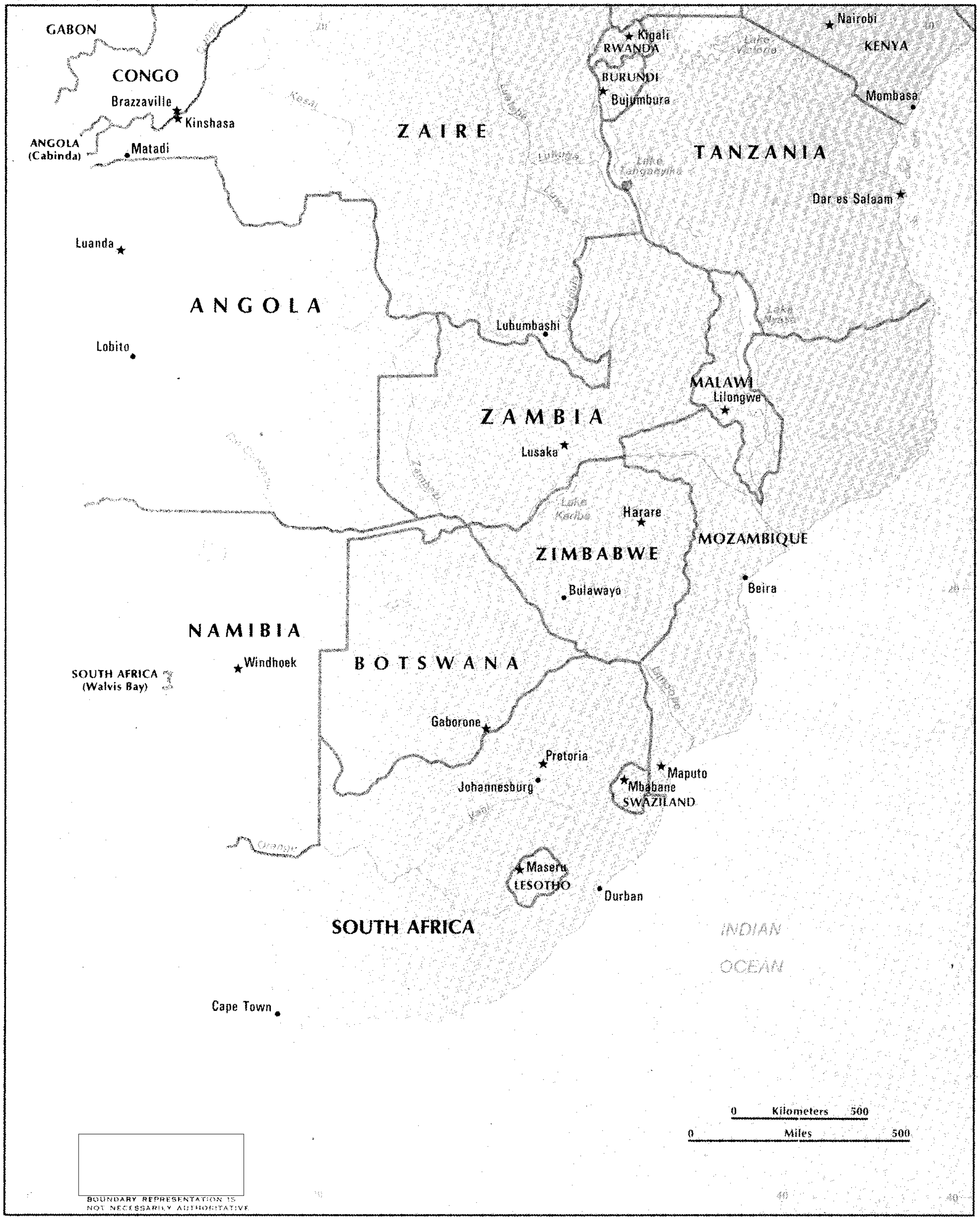
Southern Africa



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Lesotho. The recent thaw in relations between Lesotho and South Africa does not augur well for the ANC. South African strong-arm tactics in recent years have forced the Jonathan government to abandon its preferred policy of turning a blind eye toward the ANC and to adopt a somewhat more active circumscription of the group's operations in Lesotho. The manner in which Maseru deals with the murder earlier this month of a Lesotho soldier by an ANC member will be a barometer of Lesotho's relations with the group, according to the US Embassy. [redacted] NR

The South Africans, who we believe are not satisfied with the Lesotho government's efforts, want Maseru to sign a security pact. If the intensity of South African pressure increases, Lesotho is likely to follow Botswana's example by cracking down on the ANC in the hope of satisfying Pretoria and avoiding a formal agreement. [redacted] NR

Mozambique. ANC Acting President Tambo has admitted publicly that Maputo's efforts to abide by the Nkomati accord have dealt the ANC a devastating blow. The group previously used Mozambican territory to plan and stage the vast majority of its attacks against South Africa. Shortly after the accord was signed, Mozambican security forces conducted raids on ANC facilities, forcing the group's personnel to relocate in neighboring states. The accord has prompted a great deal of personal animosity between President Machel and Tambo, who were once very close, according to Embassy reporting. [redacted] NR

Swaziland. Relations between Swaziland and the ANC have deteriorated steadily following a security agreement between Mbabane and Pretoria in 1982:

- Swazi security personnel engaged in several gun battles with ANC guerrillas who poured into Swaziland following the crackdown in Mozambique last year, according to press reports.

- Last December, an ANC member assassinated a Swazi police official suspected of collaborating with the South Africans against his group, according to press reports.

- In January, several armed ANC guerrillas stormed a jail in Mbabane and released three members of their group who were held on weapons and immigration charges, according to press reports. [redacted] NR

A Swazi Foreign Ministry officer told the US Embassy that a meeting of Swazi and ANC officials this month to discuss their troubled relations did not go well. He described the ANC attitude at the meeting as "completely unacceptable." He added that no further talks would be held until the group publicly retracts statements alleging the Swazis have handed over ANC personnel to South Africa. [redacted] NR

Tanzania. Since the signing of the Nkomati accord, Tanzania has increased its support to the ANC, but this has not offset the loss of the use of Mozambican territory. Tanzania's location offers the ANC slightly more protection from South African retaliatory strikes, but the distance guerrillas have to travel to reach South Africa makes it less attractive as a staging area for attacks. [redacted] NR

Zimbabwe. Pretoria has refrained from pressing Harare for a security pact and has even praised Zimbabwe publicly in recent months for acting quickly on intelligence provided to it by South Africa. Harare has continued to monitor the ANC closely in Zimbabwe, arrest its armed personnel, and seek out and confiscate weapons cached by the group. Zimbabwean officials, in our view, are well aware that South Africa would not hesitate to take harsh action in response to any shift in Harare's treatment of the ANC that facilitates the group's military campaign. [redacted] NR

Despite Harare's vigilance, ANC military personnel do use Zimbabwean territory to a limited extent.

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Internal Restiveness
The ANC's regional woes are adding to dissension within the group, especially among guerrillas at camps in Angola and Tanzania. [redacted] (b)(1) (b)(3) NatSecAct [redacted] younger ANC members are increasingly critical of the current leadership, especially over the low level of ANC activity. Many of these younger members fled South Africa following the widespread riots there in 1976 in the hope of gaining military training and striking back at Pretoria. The growing regional constraints on the ANC's military wing have left most of its personnel stranded in camps far from South Africa's borders, leading to disgruntlement and a series of mutinies in recent years. [redacted] (b)(3) NatSecAct

Prospects for talks between the ANC and Pretoria have been widely publicized in recent months, undoubtedly contributing to splits in the ranks of the organization.[1] The ANC has a large contingent of young, militant black nationalists who, in our view, would be strongly opposed to opening any channel of communication with Pretoria at this time. Some, who

[redacted] (b)(1) (b)(3) NatSecAct

ANC President Nelson Mandela [redacted] (b)(3) NatSecAct

also are members of the outlawed South African Communist Party, probably judge correctly that they would not be included in any government amnesty offer to the ANC in the foreseeable future. Nevertheless, the ANC leadership has indicated publicly that it would consider opening a dialogue with Pretoria if the government takes certain good faith measures, such as the unconditional release of imprisoned ANC President Nelson Mandela. [redacted] (b)(3) NatSecAct

The recent cancellation of a scheduled ANC congress demonstrates the present degree of discord within the group, even among its political leaders. [redacted] (b)(1) (b)(3) NatSecAct

Outlook
South Africa has long sought economic and security accords with neighboring states to strengthen its regional hegemony and break out of its diplomatic isolation. Since Botswana's decision to expel the guerrillas, Pretoria publicly has backed off from its demands for a nonaggression pact. Despite assurances to Botswana, Pretoria is likely to return to pressing Gaborone and other neighboring governments to sign

formal bilateral agreements, especially if these governments prove unable or unwilling to control the ANC. South African covert operations against ANC targets are likely to continue even while Pretoria moves forward on the diplomatic front with its policy of regional detente. (b)(3) NatSecAct

ANC officials have indicated publicly that they believe a collapse of the Nkomati accord is imminent. Even if relations between Pretoria and Maputo continue to falter,[2] we believe it is unlikely that Mozambique will permit large numbers of ANC military personnel to return, because this would virtually guarantee a resumption of South African cross-border strikes into Mozambique. (b)(3) NatSecAct

It is unlikely that the ANC will be able to rebound from its setbacks last year and mount an effective military campaign anytime soon. The 73-year-old ANC, however, has survived against tough odds in the past and is likely to continue to cause problems for Pretoria in the years ahead. While the ANC's level of activity probably will remain below average because of the growing regional constraints, the group's military wing will still be capable of carrying out some headline grabbing bombings. (b)(3) NatSecAct

The status of Nelson Mandela continues to be the biggest unknown factor in equations on ANC prospects. If Mandela is released unconditionally—something we believe is unlikely but possible—his overwhelming popularity among South African nonwhites would assure him a major role in domestic black politics. If he were to leave the country and actively resume his position as head of the ANC, many young blacks would follow him to fight under his leadership. (b)(3) NatSecAct

A reinvigorated ANC with Mandela at the helm might even cause a shift in attitudes among leaders of neighboring black states. They currently are following a policy of cautious detente with Pretoria, but their hatred of apartheid could overcome fear of South African retribution if they believed the ANC's military campaign had a reasonable chance of success. (b)(3) NatSecAct

(b)(3) NatSecAct

[2] Mozambican insurgent attacks have continued at a high level despite the accord, leading to accusations by officials in Maputo that Pretoria is still supplying the insurgents. (b)(3) NatSecAct

Sub-Saharan Africa: Coping With Economic Adjustment [1]

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Since 1978, Sub-Saharan African countries have been increasingly implementing economic adjustment programs, nearly all with IMF financial support, aimed at achieving viable balance-of-payments positions or restoring economic growth in their hard-hit economies. The programs usually involve currency devaluations, tax reform, stricter budget controls, reductions in the scope of government enterprises, and a movement toward a more market-oriented economic environment.

The increased IMF presence in Sub-Saharan Africa has made the governments of the region more aware of the requirement for economic discipline in order to receive financial support. The bulk of the funds loaned by the IMF has been conditioned on the meeting of mutually agreed-on economic performance criteria. The programs have produced mixed results so far but promise to bring about major changes in economic processes in the region, provided they are maintained over the longer term.

Causes of Economic Problems
The economic problems of Sub-Saharan African countries reflect several years of adverse factors:

- They were hard hit by oil price increases in 1973-74 and 1978-80.
- After a 1975-78 boom, prices of exported primary commodities collapsed in 1978-80 and have only recovered moderately since then.
- They have been unable to break their dependence on agricultural and mineral exports, whose sales have been restricted by slow economic recovery in industrial countries.
- Short-sighted domestic economic policies have helped to maintain inadequate price incentives for agricultural production, overvalued foreign exchange rates, troublesome budgetary deficits, and inflationary monetary expansion.
- The worst drought in many years has ravaged the region since 1983 and, in extreme cases, created famine conditions.

Their Impact
The economic impact of these factors on the Sub-Saharan African countries has been severe. Excluding the oil exporting nations of Congo, Gabon, and Nigeria, we estimate that the current account deficit of the region tripled from $2 billion to $6 billion between 1973 and 1978 and reached a record $11 billion in 1981. The deficit has declined since then to about $7 billion in 1984, mainly because of cutbacks in imports and a modest recovery in exports. Concomitant with the widened current account deficits, official medium- and long-term external debt for the region ballooned from $6 billion in 1973 to an estimated $55 billion in 1984. At the same time, regional per capita output recorded no gain and actually declined in countries like Ghana, Mozambique, and Tanzania. In the face of these growing economic pressures, 29 of the 46 countries in Sub-Saharan Africa made over 90 standby or extended arrangements with the IMF between 1978 and 1984 that were conditioned on economic policy adjustments.

Coping With Adjustment
The economic adjustment programs have yielded mixed results. Some countries have had moderate success but remain vulnerable to external economic forces or natural disasters. Others have had little positive results after years of effort of varying intensity.

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[1] This report covers all countries on the continent except Algeria, Egypt, Libya, Tunisia, Morocco, and South Africa, plus the islands of Comoros, Madagascar, Seychelles, and Sao Tome and Principe.

Table 1
Sub-Saharan Africa:
Selected Economic and Financial Data [a]

Billion US $

	1978	1979	1980	1981	1982	1983	1984
Current account deficit [b]	−10.0	−2.0	−5.0	−17.0	−17.0	−12.0	−12.0 [c]
Current account deficit excluding Congo, Gabon, and Nigeria [b]	−6.0	−7.0	−10.0	−11.0	−9.0	−7.0	−7.0 [c]
Net financial inflows from all sources	9.0	10.0	13.0	13.0	13.0	12.0	12.0 [c]
Net financial inflows from the IMF	0.1	0.4	0.6	1.6	1.2	1.6	0.4

[a] All countries on the continent except Algeria, Egypt, Libya, Tunisia, Morocco, and South Africa, plus the islands of Comoros, Madagascar, Seychelles, and Sao Tome and Principe.
[b] Goods, services, and private transfers.
[c] Estimated.

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Moderate Successes

Ghana, Ivory Coast, Kenya, Mali, Senegal, Togo, and *Zaire* are among the countries that have been moderately successful in terms of perseverance in their economic programs and modest economic achievement. Most of these countries had earlier failures and all require continued adjustment efforts to achieve or maintain economic stability.

Ghana has been implementing an economic recovery program since 1983, with the support of the IMF and Western donors. The program calls for substantial currency devaluations, reduced public expenditure, gradual liberalization of price controls, and the rehabilitation of key economic sectors such as agriculture and transportation. So far, all IMF conditions have been met and the US Embassy estimates that the decline has been halted. The Ghanaian economy, however, is still far from achieving sustained growth.

The *Ivory Coast* has been implementing an IMF-supported stabilization program since 1981. The program was not fully successful through 1983 because unfavorable export and import price trends impacted adversely on the government's receipts and expenditures. Since then, spending cuts and new tax measures have sharply reduced the public-sector deficit. Between 1980 and 1984 the current account deficit was cut from $1.3 billion to $500 million and the inflation rate from 15 percent to 4 percent. Because of failure to meet December 1984 performance criteria, however, the IMF program was canceled last month and is being replaced by a new arrangement presently under negotiation. The economy remains affected by drought and the IMF expects economic growth, negative since 1981, to be slight for the rest of the decade.

Kenya has been almost continuously implementing adjustment programs with IMF support since 1978. Nairobi has had problems in carrying out the programs, with three of the five since 1978 canceled for failure to meet IMF conditions. The World Bank has declined to make a third structural adjustment loan to the country because of Nairobi's failure to meet loan conditions. Even so, substantial economic

Table 2
Sub-Saharan Africa:
IMF Standby and Extended Arrangements as of 31 January 1985

Million US $

	Starting Date	Ending Date	Amount
Standby arrangements			
Central African Republic	6 Jul 1984	5 Jul 1985	15
Gambia, The	23 Apr 1983	22 Jul 1985	14
Ghana	27 Aug 1984	31 Dec 1985	183
Ivory Coast	3 Aug 1984	2 Aug 1985	84
Liberia	7 Dec 1984	6 Jun 1986	42
Madagascar	10 Apr 1984	31 Mar 1985	35
Mali	9 Dec 1983	31 May 1985	42
Niger	5 Dec 1984	4 Dec 1985	16
Senegal	18 Jan 1985	17 Jul 1986	75
Sierra Leone	3 Feb 1984	2 Feb 1985	53
Sudan	25 Jun 1984	24 Jun 1985	93
Togo	7 May 1984	6 May 1985	20
Zaire	27 Dec 1983	26 Mar 1985	239
Zambia	26 Jul 1984	30 Apr 1986	228
Extended arrangement			
Malawi	19 Sep 1983	18 Sep 1986	106

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adjustment has been made over the years. Between 1981 and 1984, the inflation rate for consumer prices was slashed in half to 10 percent; the overall budgetary deficit as a percent of GDP was reduced from 10 percent to 5 percent over the same period; and the overall balance of payments recorded surpluses in 1983 and 1984. Mainly because of one of the worst droughts in Kenya's history, however, the economy had no growth last year and will be slow to rebound. The government is continuing its economic adjustment policies with IMF support.

Mali's IMF-supported program started in November 1983. The country has made satisfactory progress since then, in the view of the IMF. Public-sector wages have been frozen since 1981 and government hiring has been curtailed. Some public enterprises are being liquidated, including the national airline. External arrears are being reduced and credit expansion has been well within the limits set by the program. The government remains committed to reform, despite drought conditions that have reduced cereal production and the livestock herd substantially.

Senegal's economic adjustment efforts with IMF and other external support date back to 1979. Through 1983, results were mixed because the programs were not always maintained. Better results have been achieved since then with a more rigorous application of policy measures by the government. Despite being hard hit by drought, all of Senegal's financial objectives were achieved in the IMF-supported program that ended in June 1984. Within 12 months the fiscal deficit as a percent of GDP fell from 8 percent to 5 percent and the current account deficit was reduced from 14 percent to 11 percent of GDP. Serious structural and financial problems remain, however, and the reform program continues.

Togo has been receiving good marks since 1983 for its adjustment efforts with financial support from the IMF, World Bank, and bilateral donors. Earlier programs were less successful. The government has launched a major denationalization program for its many state enterprises. Other reform measures include rural development, the overhauling of tax and customs administration, restraints on public hiring, and a restrictive monetary policy. Inflation has been curbed. Based on partial data, we believe that prices may actually have fallen last year. Real economic growth is estimated by the IMF to have been about 1 percent in 1984 after declining continuously since 1980. The economy remains affected by drought. Togolese authorities are working closely with the World Bank in developing a medium-term development strategy supported by a structural adjustment loan from the Bank.

Zaire is committed to carrying out the latest of a series of IMF-supported programs that date back to 1977. The present program includes drastic exchange rate changes, tax reform, tight budget practices, and controlled credit expansion. The IMF regards the program as successful so far. The inflation rate fell from 76 percent in 1983 to an estimated 47 percent last year, the 1984 current account deficit of $230 million was smaller than the program called for, and payments on rescheduled external debt are on time. Unresolved problems include the restructuring of public corporations and the rehabilitation of the agricultural sector. Prime Minister Kengo wa Dondo, a key figure in the reform effort, claims that President Mobutu intends to maintain "economic rigor" throughout his new seven-year term.

Among other countries maintaining adjustment programs with moderate success, *Malawi* has sustained a rising growth rate and reduced inflation in recent years. *Madagascar*'s performance under its present arrangement with the IMF has been favorably viewed by the Fund. The IMF believes that Madagascar's balance-of-payments outlook should improve in the medium term despite debt-service problems.

Less Successful Countries

Liberia, Nigeria, and *Tanzania* are prominent among the countries that have been less successful in implementing economic reform. In Liberia, there appears to be a lack of resolve for a sustained effort in the uncertain political environment preceding a possible return of civilian government in October. Nigeria's program is only a year old and has not been fully formulated by a military administration of uncertain tenure. For Tanzania, the main cause appears to be unworkable economic policies based on President Nyerere's philosophy of "African socialism."

After showing signs of economic recovery, *Liberia*'s situation has worsened alarmingly since mid-1984. With almost continuous involvement in IMF-supported programs since 1979, Liberia had achieved moderate success in its adjustment efforts. Although the country's financial position remained precarious, the government had eliminated all external arrears by mid-1984. Since then the government's resolve has weakened as evidenced by unbudgeted expenditures and large revenue shortfalls. The treasury is nearly empty. The IMF program has been suspended since December because of failure to make repayments. Economic assistance from bilateral sources, the European Community, and the World Bank has been held up as a result. Nearly all these parties are pessimistic about the country's medium-term economic prospects.

Nigeria has not yet succeeded in stemming an economic decline that has been going on since 1980. The first priority of the government is dealing with the severe financial squeeze resulting from a near 60-percent fall in oil revenues between 1980 and 1983. The military administration has implemented an austerity budget with sharp cuts in expenditures, reductions in public employment, and the postponement of most capital projects. Severe import restrictions have been imposed. The program has brought mixed results, so far. Although official reserves doubled to $1.8 billion last year, the inflation rate was around 100 percent, according to a US Embassy estimate. The government has avoided using IMF support in its reform efforts and some military leaders have publicly adopted an anti-IMF attitude. Because of the still serious economic picture, however, senior civil servants including the Minister of Finance feel that Lagos will have to turn to the IMF, according to the US Embassy.

Tanzania has met with little success in its economic efforts. The country has been without an IMF-supported program since 1980. Since then, some economic adjustment measures have been implemented as groundwork for an anticipated IMF-supported program that has not materialized because of failed negotiations, or have been taken through broader economic programs drawn up by the authorities. Reform measures carried out last year include a currency devaluation and higher producer prices for staples like coffee, cotton, and tobacco. These measures have been too little and somewhat late. The economy continues to decline, with negative growth each year since 1980 and living standards lower than they were 15 years ago.

The Political Fallout

The governments of Sub-Saharan African countries have, on occasion, met with internal opposition to economic adjustment programs that have been implemented with or without IMF support. For example:

- In Ivory Coast, where an IMF-supported adjustment program has been under way since 1981, teachers organized a strike in 1983 to protest reduced housing subsidies.
- The labor movement in Mali and Zambia protested IMF-sponsored economic reform measures last year.

There have been no instances of governments being ousted, however, because of the application of IMF-sponsored programs. The threat to stability appears to come more from worsening economic conditions that are belatedly or inadequately addressed. For example, the leaders of a successful coup in Mauritania last December blamed poor economic performance and mismanagement of state enterprises for their action.

The economic crisis in Sub-Saharan Africa is forcing many African political leaders to alter their views of foreign financial support and the need for economic reform. After years of dependence on official economic assistance based on grants and project loans with no economic adjustment conditions, many are now compelled, with the tacit agreement of their foreign bilateral donors, to reform their economies in collaboration with multilateral financial institutions like the IMF and World Bank as a condition for continued foreign support. The many leaders publicly advocating economic reform measures and implementing them under IMF auspices include Presidents Siad (Somalia), Diouf (Senegal), Kaunda (Zambia), Kountche (Niger), and Mobutu (Zaire). Similar support for reform by government leaders also is happening where there are no IMF-assisted programs and even some anti-IMF sentiment, for example, in Burkina and Nigeria.

Outlook

We expect the Sub-Saharan African countries to expand the implementation of economic adjustment programs over the medium term. These countries are highly dependent on bilateral economic assistance to keep their economies afloat. Because of budget strictures, the bilateral donors have been increasingly linking their level of assistance to economic reform, particularly those supported by the IMF. The Sub-Saharan African countries have limited financing alternatives. Provided the adjustment programs are maintained, their emphasis on free markets, fiscal responsibility, and reduced government participation in production would be a marked departure from traditional economic policy in many of these countries.

Because IMF financial assistance is intended to complement financial flows from other sources to countries with balance-of-payments problems, the Sub-Saharan African states probably will expect the United States to play a major role in providing the additional external financing that they will require over the medium term because of their continued serious economic problems. The additional financing probably will take the forms of special funds for Sub-Saharan Africa, increased financial resources for multilateral financial institutions including the IMF, and higher levels of bilateral economic assistance.

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Zimbabwe: Agriculture in Transition NR

Zimbabwe roughly matched its second-best year for agricultural exports in 1984 despite a drought that continued for a third straight year, and appears likely to do even better this year. Although farmers' optimism has grown with the return of normal rains, several new government initiatives have surfaced that threaten to change Harare's generally pragmatic agricultural policies. NR

Agriculture at Independence

At independence in 1980, Zimbabwe inherited a robust agricultural sector. The country was an exporter of beef, corn, cotton, and tobacco, and was self-sufficient in nearly all food crops. Commercial agriculture contributed 17 percent of GDP, and exports of primary and processed agricultural goods accounted for between 40 and 50 percent of foreign exchange earnings, according to an academic study. The farming industry supplied one-third of the inputs used by manufacturing, and stimulated the development of a domestic fertilizer industry. Commercial agriculture also was the largest wage employer of blacks. NR

Rhodesian farms fell into three main groups: about 5,000 to 6,000 medium- to large-scale white commercial farms, some 14,000 small-scale black freehold farms, and 675,000 black farms on tribally owned land. White commercial farmers produced some 75 percent of total agricultural output. NR

Rhodesian agricultural policies and institutions relied heavily on government intervention in marketing, and favored the interests of commercial farmers over those producing from tribally owned land:

- Corn, wheat, cotton, soybeans, beef, and milk were marketed at fixed prices through parastatals. Prices were negotiated annually before the planting season by farm organizations and government officials. Among the major commercial crops, only tobacco was sold by auction, and even tobacco marketing was heavily regulated.

- The consumer prices of corn, vegetable oil, milk, beef, and wheat were kept below producer prices for the benefit of urban dwellers, necessitating government subsidies.

- Regulations governing the use of foreign exchange to import raw materials and machinery were based on plans negotiated between farmers and the government.

- Half of the agricultural land was reserved for white commercial farmers, with the remainder set aside for the far more numerous black farmers. White farmers generally owned the more fertile land.

- Agricultural research, credit, and extension services were geared mainly to the needs of the commercial farmers. NR

A New Emphasis

In contrast to much of black Africa, Zimbabwe has maintained a favorable economic environment for commercial farming since independence. Harare has sought to increase agricultural production by improving infrastructure and incentives for small-scale farmers without damaging those available to large-scale commercial farmers:

- Producer prices have been raised significantly, including more than doubling the price of corn.
- Small holders have been given greater access to agricultural credit, marketing channels, and extension services.
- Sunflower and millet, which are produced by small holders, have been added to the list of commodities with guaranteed minimum prices.
- A resettlement program has been launched to move black farmers from tribally owned land onto freehold land in areas previously reserved for whites.

- Devaluation of the Zimbabwe dollar by 50 percent since independence has made the country's agricultural exports more competitive.

Moreover, consumer prices have been increased more than producer prices for maize, beef, milk, vegetable oil, and wheat, thus lowering the cost of government subsidies. NR

The benefits expected from these new policies were largely offset by drought and higher input costs, including dramatic increases in fertilizer costs, and the introduction of a minimum wage for farm laborers. Rainfall averaged only 60 to 70 percent of normal from 1982 to 1984. Nevertheless, agricultural export performance since independence has been impressive, with unprocessed agricultural products alone accounting for about 40 percent of total exports last year. NR

Zimbabwe: Agricultural Export Earnings, 1980-84

Million US $ (except where noted)

Crop	1980	1981	1982	1983	1984 [a]
Total	**386**	**547**	**463**	**419**	**472**
Tobacco, flue cured	179	309	248	224	280
Cotton	89	87	68	73	94
Meat	21	7	6	11	39
Sugar	74	80	69	52	41
Coffee	11	14	19	19	18
Corn	12	50	53	40	0
Percent of total exports	27	39	36	37	44

[a] Estimated.

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Black farmers have increased their share of corn and cotton production dramatically. At independence, black farmers produced only 10 percent of the marketed corn and 18 percent of the cotton crop. Black farmers last year raised their share of marketed corn and cotton production to about 40 percent. The increase in their share of corn production partly reflected late rainfall that favored their planting cycle over that of the white commercial farmers, but also demonstrated the benefits of Harare's improved incentives for small-scale farmers. NR

Implications of Proposed Reforms

Government proposals over the past year for restructuring the agricultural sector have had an adverse impact on commercial farmers, and on white commercial farmers in particular. NR

Late last month, a new land acquisition bill that would radically alter landowners' preindependence rights was introduced into Parliament. The bill provides that the government would no longer be required to pay compensation for "abandoned" property, compensation would no longer be required in foreign currency, the state would be granted the right of first refusal on all rural land sales, and compensation would no longer be based strictly on a free market price, but could be adjusted by the government to reflect public interests. Another provision would prohibit anyone who owns more than 500 acres from buying land. The white commercial farmers, who now number only about 4,200, oppose the bill because they believe it violates the spirit, if not the letter, of the 1979 independence agreement. The US Embassy reports that the bill, which probably will come before Parliament this summer, is seen as a major threat to commercial farmers and undoubtedly will undermine land values and hence collateral for bank loans. NR

Another threat to commercial agriculture is the government-financed resettlement program. Harare has committed itself to resettling 162,000 families by the end of 1985, a goal it is unlikely to meet.[1] The United Kingdom continues to be the largest external financier of resettlement and has committed nearly $30 million to the program. Last year, however, Mugabe and the Minister of Lands, Resettlement, and Rural Development accused London of hindering

[1] The government has been able to resettle only about 35,000 families in four years. NR

the effort and threatened to expropriate land without compensation unless the United Kingdom is more cooperative about releasing the funds. Discussions between Mugabe and Foreign Minister Howe in January apparently resolved the issue. NR

Minister of State Kangai's announcement last month that the government was moving to nationalize the grain milling industry left the millers in shock. Kangai, however, apparently based his action on a 1982 statement of government intentions and did not have Cabinet approval.

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Mugabe has publicly expressed a desire to merge the country's three farmers unions—white commercial farmers, black commercial farmers, and peasant farmers—into one organization. The white Commercial Farmers Union believes the main driving force behind the move is the desire by the more numerous, but less powerful, black commercial farmers to increase their influence within the agricultural sector, according to US Embassy reporting. The Minister of Agriculture, a white commercial farmer, believes the diverse needs of the groups will prohibit any hasty government actions on amalgamation. NR

Outlook

Agricultural exports this year appear likely to be even better than for 1984, based on Embassy and press reporting. Moreover, improved corn yields are expected to provide a surplus for export of 200,000 to 500,000 tons, compared to imports of more than 250,000 tons for 1984. We believe agricultural production this year will help to boost export earnings and play a key role in the country's economic recovery. NR

Zimbabwe's long-term prospects are somewhat dimmer, as Harare must decide between maintaining its pragmatic and realistic agricultural policies or accelerating reform of the commercial agricultural sector. Mugabe is faced with balancing the competing interest of a white elite, yet key economic, minority with the postindependence demands of thousands of land-hungry black peasants who form the base of his ruling party. So far Mugabe has been able to avoid making this difficult decision, but time is running out. NR

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Zambia

Copper Production NR

The value of Zambia's copper exports—which account for 90 percent of foreign currency earnings—is likely to improve slightly in 1985, according to US Embassy reporting. Copper prices are expected to rise marginally from depressed 1984 levels, and, barring labor unrest or new shortages of spare parts or fuel, copper production could increase. A slight rise in copper sales, coupled with devaluation, already has boosted revenues for Zambian copper producers, who announced a $23 million profit for the fourth quarter of 1984. The copper producers had suffered a net loss for the corresponding quarter in 1983. Although Zambia's copper revenues are likely to increase, much of this may be offset by higher wages after the current labor agreement expires in August. NR